

UAC INSURANCE MUTUAL

Board of Trustees Meeting

Thursday, March 25, 1999, 9:30 a.m.

Utah Association of Counties Offices

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9:30	Call to Order	Gary Herbert
	Review of Board Members Absent	Gary Herbert
	Approval of February 26, 1999 Minutes	Gary Herbert
	April Membership Meeting Agenda	Brett Rich
	Review of 1998 Actuarial Analysis	Brett Rich
	Broker Report	Rich Stokluska
	Director's Report	Brett Rich
11:30	Lunch	
	Loss Control Managers Report	Shawn Guzman
	Risk Management Program Revisions	Shawn Guzman
	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	
	Action on Litigation Matters	Kent Sundberg
	Set Date and Time for Closed Meeting to Discuss the Character, Professional Competence, or Physical or Mental Health of an Individual	
	Summary of Financial Statements	Brett Rich
	Other Business	Gary Herbert
1:30	Adjourn	

UACIM BOARD OF TRUSTEES MEETING MINUTES

March 25, 1999, 9:30 a.m.
Utah Association of Counties Offices

BOARD MEMBERS PRESENT

Gary Herbert, *President*, Utah County Commissioner
Jerry Hess, *Vice President*, Davis County Deputy Attorney
Dannie McConkie, *Secretary-Treasurer*, Davis County Commissioner
Tony Dearden, Millard County Commissioner
Chad Johnson, Beaver County Commissioner
Royal Norman, Box Elder County Commissioner
Tex Olsen, Sevier County Commissioner
Kent Petersen, Emery County Commissioner
Ed Phillips, Millard County Sheriff
Kent Sundberg, Utah County Deputy Attorney

BOARD MEMBERS ABSENT

Sarah Ann Skanchy, Cache County Council Member

OTHERS PRESENT

Brent Gardner, UAC Executive Director
Brett Rich, Director, UACIM
Shawn Guzman, UACIM Loss Control Manager
Sonya White, UACIM Administrative Assistant
Rich Stokluska, GRMS Account Executive
Doug Alexander, McLaren's Toplis Claims Manager

CALL to ORDER

Gary Herbert called the meeting to order and welcomed those in attendance.

REVIEW of BOARD MEMBERS ABSENT

Sarah Ann Skanchy requested to be excused from this meeting due to prior commitments. Ed Phillips made a motion to excuse Sarah Ann from this meeting. Dan McConkie seconded the motion, which passed unanimously.

APPROVAL of MINUTES

The minutes of the Board of Trustees meeting held February 26, 1999 were previously sent to the Board Members for review. Jerry Hess made a motion to approve the minutes as written. Tex Olsen seconded the motion, which passed unanimously.

APRIL MEMBERSHIP MEETING AGENDA

Chad Johnson made a motion to approve the following items for discussion at the April 14 Membership Meeting: *Member Roll Call, Approval of November 1998 Minutes, Director's Report, Loss Control Report, Litigation Management Committee Report, Claims Administration (New Pyramid Reporting System), Broker Report (Y2K Liability), 1998 Annual Statement and Actuarial Opinion, Repayment of Debentures and Other Business.* Tony Dearden seconded the motion, which passed unanimously. The Board decided against a discussion on Workers Compensation. Brett Rich explained that he has discussed the Mutual providing this line of coverage with the members and has found that most counties are satisfied with their present provider and are pleased with the service. The market is soft at this time and premiums are low. Although the Board may decide to offer workers compensation in the future, now is not the best time to begin such a program.

REVIEW of 1998 ACTUARIAL ANALYSIS

Brett Rich reported that the complete actuarial analysis has been received and will be kept on file at the UACIM offices. Taylor-Walker & Associates state in their analysis that the reserves are reasonable (sufficient) to fund the requirements of the Mutual. The actuaries use Iris Calculations for their analysis in reporting to the Insurance Department. NAIC has reported that there are no unusual values or ratios compared to industry standards. In other words, all UACIM ratios are within an acceptable range. Kent Petersen made a motion to accept the 1998 actuarial analysis as presented by Brett Rich and prepared by Taylor-Walker & Associates. Royal Norman seconded the motion, which passed unanimously.

BROKER REPORT

Rich Stokluska reported that there is nothing new to report at this time.

DIRECTOR'S REPORT

REPAYMENT OF DEBENTURES Brett Rich explained that he met with Neil Gooch, Deputy Insurance Commissioner, to present the Board's request for authorization to begin the subordinated debenture repayment process. Neil turned the request over to the Chief Examiner, Larry Whitlock for review. Larry responded with a concern as to how the payment will be applied. He has now sent a letter stating that the Department believes that payment should first apply to accrued interest and then to principal. Brett and the Board agree with that statement, although Larson & Company has stated it will not matter on the financial statements how the payment is applied. Brett will send a clarification letter to Larry with a copy of the payment schedule. The first series of payments is as follows: Davis County \$36,290.32, Emery County \$125,806.45, Garfield County \$77,419.36, San Juan County \$24,193.55 and Washington County \$36,290.32 equaling \$300,000. These payments will be presented to the contributing counties at the membership meeting.

CLAIMS AUDIT Brett reported that Ernst & Young is scheduled to perform the claims audit March 31-April 2. Alan Turnipseed will be in the UACIM office reviewing 70 pre-selected claim files that represent a variety of automobile, liability and property claims.

EXEMPTION BILL Brett explained that he has discussed the possibility of an individual exemption for UACIM with the Insurance Commissioner. The Commissioner directed Brett to make a formal GRAMA request on behalf of UACIM.

TAIL COVERAGE Brett reported that there was a large enough member response to the request to report any events that may result in a claim, that tail coverage will be provided for all members. The Board directed Brett to contact those member county commissioners that did not respond to the request.

LOSS CONTROL MANAGER'S REPORT

Shawn Guzman reported that he is working on a grievance policy of in-house procedures including a jail mail policy (which most counties have in place now) that needs to be the same for both state and county. Defensive driving courses are being scheduled throughout the members. The Utah Association of Counties (UAC) will not be sponsoring a session for counties at the Road School this year. UAC is working with the League of Cities and Towns relating to participation issues.

RISK MANAGEMENT PROGRAM REVISIONS

Shawn Guzman reported that he has made revisions to the Risk Management Program. Brett Rich has reviewed the revisions and found that Shawn has done a good job refining the program. Shawn reviewed the changes with the Board, explaining that he has reallocated some sections and clarified the accident review board and safety committees in the prerequisites. Section Eight, *Use of County Facilities by Third Parties* read: (8.2) The county has adopted a policy requiring: (a) Liability insurance certificates from third parties using county owned facilities, including all facilities insured by the county through UACIM. The Board wanted to encourage the use the Tenant User Liability Insurance Program (TULIP) when third parties are unable to provide a certificate. Therefore, Kent Petersen made a motion changing section 8.2(a) to read: TULIP certificates secured through UACIM or liability insurance certificates from third parties using county owned facilities, including all facilities insured by the county through UACIM. Tony Dearden seconded the motion, which passed. Chad Johnson and Dan McConkie opposed the motion. Kent Petersen made a motion to adopt the Risk Management Program as amended. Royal Norman seconded the motion, which passed. Chad Johnson opposed the motion.

SET DATE and TIME for CLOSED MEETING

Kent Petersen made a motion to set the date and time for a closed meeting to begin at 11:00 a.m. on March 25, 1999, to discuss pending or reasonably imminent litigation. Ed Phillips seconded the motion, which passed unanimously.

Tony Dearden made a motion to conclude the closed meeting at 11:30 a.m. on March 25, 1999. Kent Petersen seconded the motion, which passed unanimously.

ACTION on LITIGATION MATTERS

Kent Sundberg made a motion authorizing settlement on claim number 801SAJ948588 up to an amount of \$50,000. Kent Petersen seconded the motion, which passed unanimously.

SUMMARY of FINANCIAL STATEMENTS

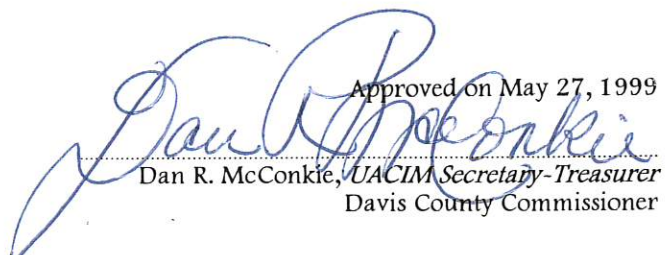
Brett Rich reviewed the January 1999 financial statements with the Board. On page three (3) the *Statutory Statement of Admitted Assets, Liabilities and Surplus* shows that the investment fund has increased approximately \$10,000 from the annual statement. On page ten (10) under the *Notes to Statutory Financial Statements*, it lists those assets, which are non-admitted for statutory reporting, that have been charged against surplus. The non-admitted assets total \$139,700. On page four (4) the *Statutory Statement of Income* shows the Net Income of the Mutual. This is a good indicator as to how the Mutual is doing financially. The Net Income for the month ending January 1999 is \$118,553. Brett compared the same pages on the February 1999 financial statements. Tony Dearden made a motion to accept the January and February 1999 financial statements as presented. Dan McConkie seconded the motion, which passed unanimously.

OTHER BUSINESS

Brett Rich recommended that the Board might want to consider drafting governmental immunity legislation for the upcoming session to appease those who want the cap eliminated. Brent Gardner will set up a meeting with Senator Stephenson to discuss sponsorship.

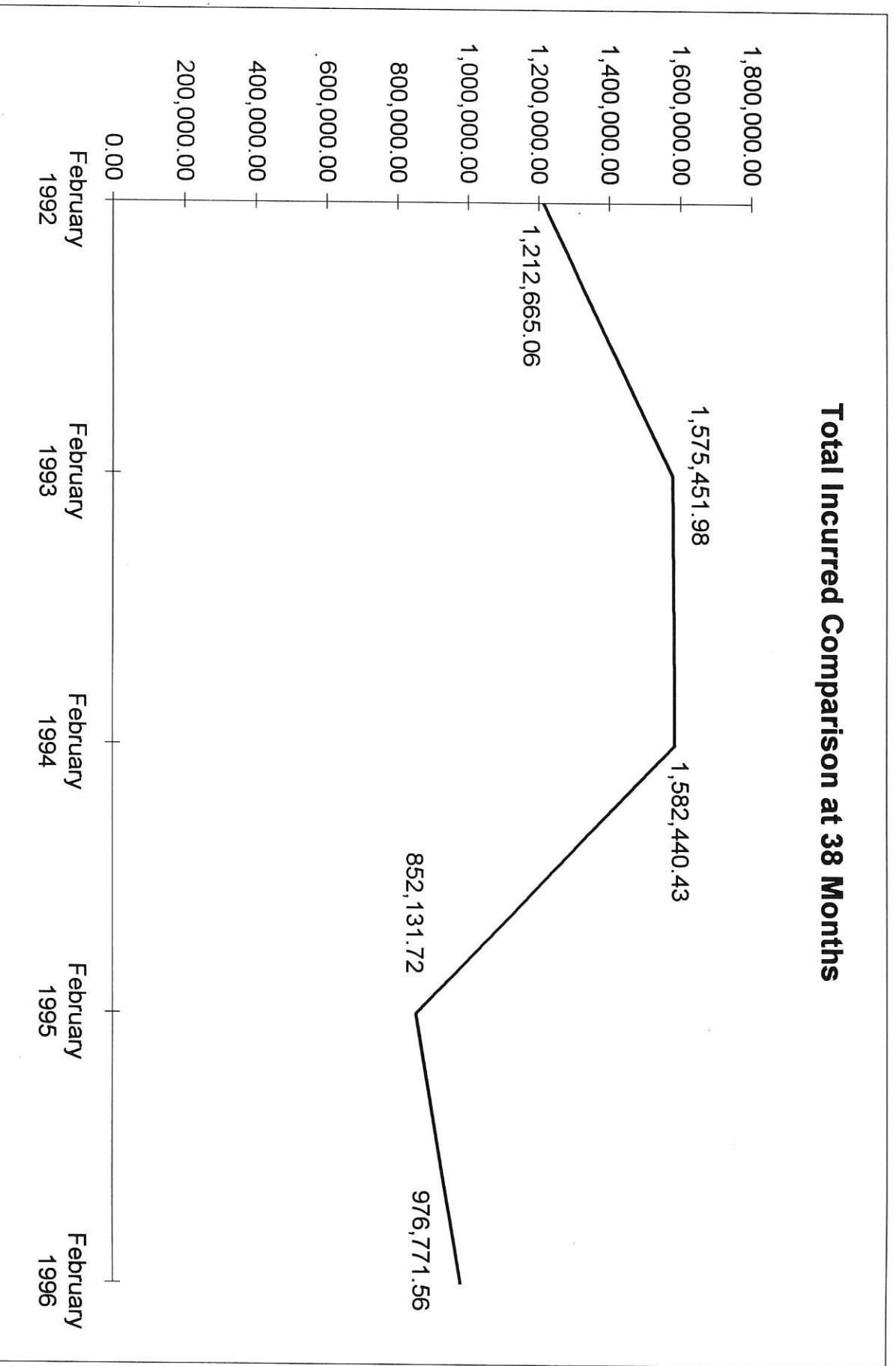
Brent Gardner reported that Senator Nielson has stated that the state cannot indemnify county employees assisting at the 2002 Olympics. Brent will research other alternatives.

The next meeting of the Board of Trustees will be held on Thursday, May 27, 1999 at 9:30 a.m. at the UAC offices.


Approved on May 27, 1999
Dan R. McConkie, UACIM Secretary-Treasurer
Davis County Commissioner

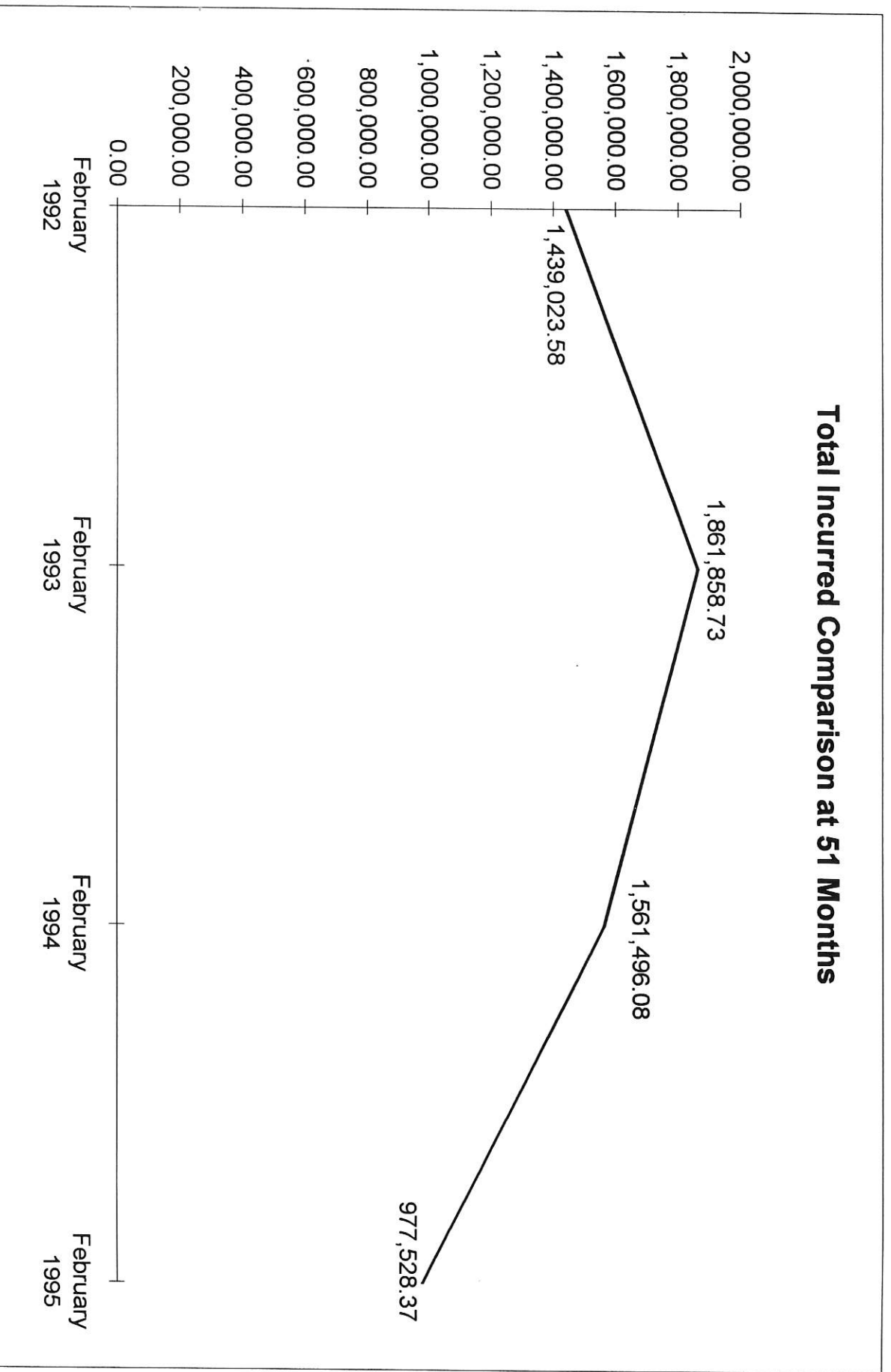
UAC Insurance Mutual

Total Incurred Comparison at 38 Months



UAC Insurance Mutual

Total Incurred Comparison at 51 Months



1999

RISK MANAGEMENT

PROGRAM



UTAH ASSOCIATION
OF COUNTIES
INSURANCE MUTUAL

5397 S. VINE STREET, SALT LAKE CITY, UTAH, 84107

TELEPHONE: (801) 265-1331 FACSIMILE: (801) 265-9485

UACIM RISK MANAGEMENT PROGRAM

The Utah Association of Counties Insurance Mutual (Mutual) Board of Trustees has approved the following *UACIM Risk Management Program* for 1999. Since the organization of the Mutual in 1992, members have realized that sound risk management practices are essential to prevent losses and maintain the longevity of the Mutual. At present, the Mutual conducts annual inspections (risk reviews) of each member county to assist with implementation of the Risk Management Program and to proactively control losses.

Each year the Mutual Board of Trustees determines what percentage of the member counties' premium is available as a credit under the program. That percentage applied to an individual county's premium represents the dollar figure of the total available credit. In 1998, eight member counties qualified for premium credits ranging from \$917 to \$8,454. The total premium credit paid out in 1998 was \$30,644. The Mutual Board of Trustees has approved a maximum premium credit of three percent for qualifying counties in 1999.

Each risk management standard has a premium credit attached to it. The total premium credits for all Risk Management Program standards totals 100 percent. A member county with a perfect score will receive 100 percent of the premium credit approved annually by the Board of Trustees. Using this system, the Board can increase or decrease the impact of the credit (as deemed appropriate) without changing the overall premium credit percentage. Compliance and eligibility for credit in each category shall be determined by the Mutual in connection with the county risk reviews.

It is the hope of the Mutual Board that all Mutual members will make

every effort possible to implement the *UACIM Risk Management Program* with the goal of reducing claims and keeping premiums low.

Best wishes in your efforts,

Gary R. Herbert,

President, UACIM Board of Directors

SECTION ONE

PREREQUISITES

The following prerequisites must be met before the member can receive a premium credit:

- 1.1 A risk manager or safety officer who is responsible for the implementation of the UACIM Risk Management Program must be appointed by the County Commission/Council.*
- 1.2 The member must adopt a formal policy establishing a safety committee. The safety committee must :*
 - a. Meet on a regular basis, but not less than quarterly;*
 - b. Written minutes must be kept of the meeting. A copy of the minutes must be forwarded to the UACIM Risk Manager;*
 - c. The committee must review all auto accidents, injury claims, or property claims reported to the UACIM*
- 1.3 The member must respond to each risk review conducted by UACIM within 30 days of receipt of the report.*
- 1.4 All requested information for renewal of the policy must be received by UACIM on or before the due date. NO EXCEPTIONS.*

SECTION TWO
CLAIMS & LITIGATION MANAGEMENT
MAXIMUM CREDIT: 7%

The following credit is available in Section Two:

- 2.1** *The County must have written policies and procedures for handling claims and lawsuits. Maximum Credit: 3%*
- 2.2** *Claims are reported to UACIM within ten days after receipt of the claim along with:*
- a. A completed notice of claim form;*
 - b. A copy of the claim;*
 - c. Copies of all relevant reports, including police reports.*

Maximum Credit: 1%

- 2.3** *The written policy must state that all lawsuits and Notice of Claims received shall be sent by certified mail, fax, or electronically to UACIM within two business days, and the county has complied with the policy. Maximum Credit: 1%*
- 2.4** *The County notifies UACIM within one business day of serious occurrences likely to give rise to litigation or significant liability. These occurrences include:*
- a. Any accidents involving death, hospitalization, or personal injury;*
 - b. Vehicle pursuits which result in death, injury of any person, or destruction of third party property;*
 - c. Shootings involving deputies;*
 - d. Involuntary terminations which the county reasonably believes might result in litigation;*
 - e. Sexual harassment allegations;*

- f. Planning and zoning issues where the parties threaten litigation or that are likely to result in claims or lawsuits.*

Maximum Credit: 2%

SECTION THREE
VEHICLE SAFETY
MAXIMUM CREDIT: 25%

Prerequisites. The following prerequisites must be met in order to receive credit under this section:

- a. ALL accidents involving county drivers (including road department and Sheriff's Office personnel) and/or vehicles that have been reported to UACIM must be reviewed by the safety committee; and*
- b. Copies of the accident reviews must be sent to UACIM.*

The following credit is available in Section Three:

3.1 Driver's licenses of all operators of county vehicles are checked:

- a. Before hire to determine status; and*
- b. Annually to determine status, restrictions, or modifications.*

Maximum Credit: 5%

3.2 The county has written records showing that all operators of heavy equipment have been trained on the operation of each type of equipment the employee operates. Maximum Credit: .5%

3.3 The county maintains written records of all maintenance performed on each county owned vehicle or heavy equipment. Maximum Credit: 2%

3.4 The county has a written policy that all vehicles comply with state safety inspection law. Maximum Credit: .5%

3.5 County road department personnel have been trained on how to conduct a pre-trip inspection on licensed heavy vehicles, are required to conduct pre-trip inspections, and keep written logs of the inspections in the vehicle. Maximum Credit: 8%

3.6 *The county has the following written policies:*

- a. Use of seat belts required of all drivers and passengers in county vehicles;*
- b. Vehicle backing policy;*
- c. Vehicle load policy stating that all loads are to be secured and will not exceed weight limits;*
- d. All accidents involving county vehicles are to be reported to the department head;*
- e. All CDL holders will comply with federal and state law regarding the reporting of accidents, citations, or driving convictions involving the CDL holder.*

Maximum Credit: 1%

3.7 *Safety Committee:*

- a. The county has informed employees of the county safety committee policy regarding accident review;*
- b. The county has informed employees of possible disciplinary action which may be taken;*
- c. The county provides the employee the opportunity to explain the accident before disciplinary action is taken.*

Maximum Credit: 1%

3.8 *The county has conducted a defensive driving course for all county drivers within the last two years. Written attendance record must be provided. Maximum Credit: 7%*

SECTION FOUR

PERSONNEL

MAXIMUM CREDIT: 18%

The following prerequisites must be met in order to receive credit under this section:

The following personnel policies must be adopted in writing:

- a. Established procedures for recruitment, interviewing, and hiring;*
- b. Requirement that ADA compliant job descriptions be established for each county position;*
- c. Prohibitions against illegal discrimination;*
- d. Established anti-sexual harassment policy;*
- e. Established procedures for discipline and termination.*

The following credit is available in Section Four:

- 4.1 The County has adopted a policy that states clearly at the beginning of the policy that the policy does not create a contract between the county and the employee. Maximum Credit: 2%*
- 4.2 The county has written personnel policies and procedures and has distributed a copy to each employee. In the alternative, the county has made a copy available to the employee and explained to employee in writing where a copy of the policies can be obtained for reference. Each employee has signed a statement that the employee has received and read the policy. Maximum Credit: 2%*
- 4.3 The county has adopted a written drug and alcohol testing program that is consistent with federal and state statutes. The policy contains the following elements:*
 - a. Pre-employment testing;*
 - b. Reasonable suspicion testing;*

- c. *Post accident testing in accordance with county policy;*
- d. *Random testing in accordance with federal regulations for drivers holding a Commercial Driver's License (CDL);*
- e. *Policy regarding positive results which includes a statement of the employee's rights*

Maximum Credit: 2%

- 4.4 *The county updates the personnel policies and procedures on an annual basis and updates are circulated to all employees.*

Maximum Credit: 4%

- 4.5 *The county trains all supervisory personnel, including elected officials, on the county's personnel policies and procedures.*

Maximum Credit: 2%

- 4.6 *The county has adopted a written sexual harassment policy which:*

- a. *States the type of conduct prohibited;*
- b. *Does not require or advise the victim to address a complaint to the alleged harasser;*
- c. *States clearly how a complaint may be made and to whom;*
- d. *Provides for an alternative to which a complaint may be made and at least one of the persons to whom a complaint may be made is a female; and*
- e. *Clearly states the appeals process or refers to the county's appeals process from the initial determination made by the county.*

Maximum Credit: 3%

- 4.7 *The county has adopted a conflict of interest policy in accordance with Utah Code Annotated §§ 17-18-1,1.5; 17-16a-1,12 and has trained elected officials on the policy. Maximum Credit: .5%*

- 4.8 *The county has attended the most recent UACIM annual personnel workshop. Maximum Credit: 2.5%*

SECTION FIVE
LAW ENFORCEMENT
MAXIMUM CREDIT: 20%

The following prerequisites must be met in order to receive credit under this section:

The following policies must be adopted in writing:

- a. Use of force;*
- b. Vehicle pursuits;*
- c. Searches and seizures; and*
- d. Arrest and custody of prisoners.*

The following personnel policies must be adopted in writing:

- 5.1 All Sheriff's Office personnel receive annual training on all policies referenced in the prerequisites for this section. Maximum Credit: 5%*
- 5.2 All Sheriff's Office personnel receive annual training on all approved weapons. Maximum Credit: 2%*
- 5.3 Sheriff's Office personnel receive annual EVO training in the same vehicle operated by the employee. Maximum Credit: 7%*
- 5.4 The Sheriff's Office has adopted a form of the Utah Jail Standards. Maximum Credit: 2%*
- 5.5 The jail has been inspected in the last twelve months for compliance with the Utah Jail Standards. Maximum Credit: 2%*
- 5.6 UACIM is provided a copy of the latest jail inspection report along with the Office response detailing proposed steps to address the inadequacies. Maximum Credit: 2%*

SECTION SIX

TRAFFIC CONTROL DEVICES

MAXIMUM CREDIT: 5%

The following prerequisites must be met in order to receive credit under this section:

- 1. At least one copy of the Manual on Uniform Traffic Control Devices (MUTCD) must be on hand for reference by personnel responsible for the placing and maintaining of traffic control devices.*
- 2. The county must maintain a written (or computerized) inventory of all traffic control devices (including striping, lettering on roadways, and guard rails) within the county. At least 98% of all signs must be included in the inventory to qualify.*

The following policies must be adopted in writing:

- 6.1 Written records of regular inspections of all traffic signs must be kept. Inspections must be conducted quarterly and include any maintenance conducted. Maximum Credit: 2.5%*
- 6.2 The county has a written emergency response program for reports of damaged or missing signs that:*
 - a. Specifies the employee to whom reports are to be forwarded;*
 - b. Specifies the priority for response to a report of a missing or damaged sign;*
 - c. Specifies that "stop" signs are to be replaced immediately, and, when necessary, the county will request the Sheriff's Office to respond to a report of missing or damaged "stop" signs at hazardous intersections until the sign is replaced; and*
 - d. Requires that all reports of missing or damaged signs are kept along with a written report stating the replacement or repair date, the employee who made the repair, and the time the repair was made. Maximum Credit: 2.5%*

SECTION SEVEN
PLANNING AND ZONING
MAXIMUM CREDIT: 8%

The following prerequisites must be met in order to receive credit under this section:

- 1. The county must have adopted a General Plan in accordance with the Utah Code;*
- 2. The county must have adopted a zoning ordinance in accordance with the Utah Code; and*
- 3. The county must have adopted a subdivision ordinance in accordance with the Utah Code.*

The following policies must be adopted in writing:

- 7.1 All members of the planning commission have received training within the previous twenty-four months regarding the legal duties of a planning commissioner. Maximum Credit: 4%*
- 7.2 The county attorney is required to review all subdivision plats and all commercial and industrial site plans. Maximum Credit: 4%*

SECTION EIGHT
USE OF COUNTY FACILITIES BY THIRD
PARTIES; COUNTY FAIRS
MAXIMUM CREDIT: 8%

The following policies must be adopted in writing:

- 8.1** *The county has adopted a policy requiring all users of county-owned or leased facilities, including all facilities insured by the county through UACIM, to sign an indemnification (hold harmless) agreement approved by the county attorney. Maximum Credit: 2%*
- 8.2** *The county has adopted a policy requiring:*
- a. Liability insurance certificates from third parties using county owned facilities, including all facilities insured by the county through UACIM;*
 - b. That the insurance certificate name the county as an additional insured;*
 - c. That written criteria be developed specifying when the insurance requirement might be waived;*
 - d. That approval by the county governing body or its designate be obtained in writing before waiving the insurance requirement;*
 - e. That copies be obtained of all certificates, and that written record of the waiver by the county of the insurance requirement be kept for a period of at least five years; and*
 - f. That the certificates be in the amount of at least \$1 million.*
- Maximum Credit: 3%*
- 8.3** *The county has a written policy that no alcohol be served at county owned facilities, including all facilities insured by the county through UACIM, unless additional insurance has been obtained covering alcohol related services. Maximum Credit: 1%*

8.4 *When alcohol is served at county owned facilities, the county must have written policies requiring or including the following:*

- a. Additional security around the vendor selling alcohol;*
- b. Hours of service (including no later than one hour before event closing time);*
- c. Designation of non-drinking areas (including parking lots as non drinking areas);*
- d. Stating that alcohol is not to be sold to vendors, employees of any vendor, employees of the fair, employees of any carnival, ride, or attraction, security personnel, or participants in events.*

Maximum Credit: 1%

8.5 *The County has written policies governing the use of fairgrounds, including use of arenas, buildings, and property. The rules for the use of the facilities are posted at each facility and clearly and conspicuously state that use of the facility is at the risk of the user and the county is not liable for damages or injuries. Maximum Credit: 1%*

SECTION NINE
FIRE DEPARTMENTS
MAXIMUM CREDIT: 6%

The following policies must be adopted in writing:

9.1 *The county has stated in writing the operational authority of the fire departments under operating under county jurisdiction or control Utah and federal law (29 C.F.R. § 1910.120 (1995).
Maximum Credit: 1%*

9.2 *The county has adopted written policies and procedures establishing:*

- a. What fire protection services are provided;*
- b. What areas of the county will be serviced; and*
- c. The requirements for responding to fires*

Maximum Credit: 1%

9.3 *The county has a written policy that all apparatus drivers maintain EVO certification with the Utah Fire and Rescue Academy. No other persons will be allowed to drive apparatus. Maximum Credit: 2%*

9.4 *The county has a written policy that all fire fighters be at least wild land firefighter certified in areas where that certification is appropriate. All others will be fire fighter II certified. Maximum Credit: 1%*

9.5 *The county has a written policy stating that a vehicle maintenance schedule be developed for county insured fire fighting vehicles and that written records will be maintained for each vehicle.
Maximum Credit: 1%*

SECTION TEN

ADDITIONAL CREDIT FOR INSTALLATION OF SAFETY-RELATED DEVICES AND PROGRAMS

MAXIMUM CREDIT: 3%

- 10.1 The county may qualify for an additional credit for the installation of safety-related devices or the participation in safety related training programs for employees. Please list the device or program below, along with the cost and description of the risk or exposure the device or program is aimed at reducing or eliminating.***

